

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:554
ANSWERED ON:03.05.2002
PURCHASE PREFERENCE POLICY
SULTAN SALAHUDDIN OWAISI

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government have extended the purchase preference policy by another two years;
- (b) if so, the details thereof;
- (c) the public sector undertakings to whom this purchase preference will be applicable;
- (d) the extent to which this new policy would help PSUs;
- (e) whether the Government have also cleared financial restructuring of Bharat Pumps and Compressors Limited and the Bharat Heavy Plates and Vessels Limited; and
- (f) if so, the details thereof?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI)

(a) to (f): A statement is enclosed.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.554 FOR ANSWER ON 3.5.2002 REGARDING PURC
PREFERENCE POLICY

(a) to (d): The Government have extended the policy of 10% purchase preference for products and services of Central Public Sector Enterprises (CPSEs) for two more years from 1.4.2002 to 31.3.2004 with following salient features:

- i. The 10% purchase preference would be extended to tenders/NIT of Rs. five crore and above.
- ii. CPSEs registered under the Companies Act, 1956 and statutory CPSEs will be eligible for purchase preference as before. Joint venture companies where holding of Government and/or CPSEs is 51% or more and joint ventures which are subsidiaries of CPSEs with CPSEs holding 51% equity or more will also be eligible for purchase preference.
- iii. A minimum value addition of 20% by the CPSEs/Joint Venture Units by way of manufacture and/or services would be a prerequisite for availing purchase preference.
- iv. Ministries/Departments/CPSEs and autonomous bodies under Central Government will continue to grant purchase preference to CPSEs.
- v. Purchase preference will also be available to only those privatized CPSEs where specific Government approval has been accorded for the specific periods from the date of disinvestment.
- vi. Respective Ministries/Departments/autonomous bodies/CPSEs will be responsible for implementing the Purchase Preference Policy.
- vii. As per the existing policy the provisions relating to purchase preference should be specified in the Notice Inviting Tender (NIT) for Rs. five crore and above. For any deviation including exclusion of the purchase preference clause from the NIT, it will be obligatory for the concerned Ministry/Department/CPSEs/autonomous bodies to obtain prior exemption from the Cabinet in consultation with the Department of Public Enterprises.
- viii. Other provisions of the purchase preference policy remain unaltered.

(e) to (f): Government have approved `in principle` the financial restructuring proposals of both Bharat Pumps & Compressors Limited and Bharat Heavy Plates & Vessels Limited which are incumbent upon successful joint venture formation for the companies.

